

To: Ontario Energy Board Modernization Review Panel Secretariat

From: Canadian Solar Industries Association (CanSIA)

Date: May 7, 2018

Re: Input to the OEB Modernization Review Panel Consultation

Thank you for the opportunity to contribute to the Ontario Energy Board (OEB) Modernization Review. We are pleased to offer its input to this timely initiative to ensure that consumers are protected and empowered to make energy choices, and to ensure that the government and the regulator develop policies that will stimulate innovation and balance the interests of both participating and non-participating consumers. Some of our feedback will be framed in the context of the OEB Implementation Plan of the 2017 Long-term Energy Plan (LTEP).

The Canadian Solar Industries Association (CanSIA) is a national trade association that represents the solar energy industry throughout Canada. CanSIA's vision for Canada's solar energy industry is for solar electricity to be a mainstream energy source and an integral part of Canada's diversified electricity mix by 2020, operating in a supportive and stable policy and regulatory environment within a similar time frame.

Innovation and Facilitating Customer Choice

The key discussion theme that CanSIA's input will focus on is **Disruption and Innovation**. As the energy market regulator, the OEB must recognize that it is not the responsibility of the regulator to regulate innovation. Innovation in a regulated sector is not driven by regulated entities investing in new technology or research and development in the delivery of market services. It is appropriate for the regulator to establish a regulatory framework that will encourage investment of private capital that is best suited to gauge risk and reward and invest accordingly. The regulator must ensure that distributors and transmitters are aligned and incented to facilitate private investment in innovation, and to be rewarded for creating a platform and environment where competition among energy service providers can flourish. The solar industry has significant experience in Ontario and throughout North America in adapting their business models to ensure that they offer innovative services that benefit

consumers through competition and customer choice and working with utility partners whose role should be to simplify and facilitate new customer services in a predictable and efficient manner. CanSIA sees utilities as key facilitators of innovation that encourage competition in the market. That said utilities can promote innovation in the delivery of grid level monopoly services that improve reliability, customer service and reduce costs.

Grid Services Standardization

One area of high priority for the OEB is in **strengthening utility accountability to consumers**. The LTEP implementation plan flags reliability and quality of service as priorities and considers introducing incentives and consequences tied to utility performance. CanSIA supports this priority and encourages the OEB to continue to remind, enhance and enforce utility obligations to meet customer service rules or standards. The OEB should not only seek to set minimum timelines providing information and for delivering on requests for customer connections, but the OEB should lead and encourage greater standardization across distributors regarding technical requirements and standards for connections – both to the grid but also behind the customer load meter.

Customer net metering installations, customer-based energy storage facilities, or stand-alone generation or storage facilities are all customers of the distributor who would all benefit from greater standardization of connection requirements across distributors. The current hands-off approach by the OEB and lack of standardization across distributors results in delays, increase in costs and creates barriers to customer choice and resource deployment. CanSIA recommends the establishment of a working group of interested stakeholders, including distributors, to develop an *“industry recommended best practices approach”*, which would ultimately be expected to be adopted into the Distribution System Code in time.

CanSIA has already recommend to the Ministry of Energy the creation of a working group to drive down soft costs for distributed projects and connections. Priority areas include:

- addressing barriers and providing greater clarity and certainty in processes,
- regulatory stability and longevity of treatment once capital is deployed,
- Keeping RPP customers on TOU pricing for Net Metering treatment to appropriately allocate energy value to those consumers – as opposed to moving such customers to RPP Tiered pricing,
- evaluate options and identify solutions to minimize grid capacity constraints and deploy technology solutions to empower customer choice, and;

Finally, the IESO Virtual Net Metering Demonstration Programs will provide valuable insight into process and customer interest so as to allow more widespread adoption of this innovative opportunity.

Utility Planning and Integration of Innovative Alternatives

Promoting **cost-effective grid modernization and identifying barriers to Distributed Energy Resources** (DERs) is already central to OEB regulatory reform agenda. CanSIA encourages this focus and looks forward to participating in OEB consultations on:

- Non-wires solutions as a means of capital deferral through regional plans and distributor capital plans,
- Active distribution system management and customer participation,
- Encouraging the efficient placement and operation of DERs, locational incentives;
 - Providing both electricity customer services and system benefits.
 - New compensation frameworks to promote economic efficiency.
- The roles of distributors and solution providers;
 - What are appropriate limits to distributor involvement in offering services for which competition in the market already provides customer choice?
 - What should be the regulatory treatment of distributors offering such services?
 - How should distributors be rewarded for facilitating customer choice?
- How to best ensure value and benefits from DERs are appropriately measured and compensated, and costs fairly allocated among consumers.

Consistent with our remarks in the previous section, a key principle that the OEB should keep top of mind is consistency between utilities in requirements for telemetry, visibility, technical standards and protection and control standards. Consistency reduces costs and benefits consumers providing better and more cost-effective choices.

CanSIA encourages the OEB to continue to support improvements to the **regional planning process** and update its Codes to facilitate implementation of regional plans, while ensuring that non-wires alternatives (CDM and DERs) are considered first. Further, in evaluating non-wires alternatives the OEB must create a framework that sends the right market signal to utilities that reward the utility for avoiding capital expenditure, not just shifting the capital expenditure from poles and wires to DERs.

Cost Allocation

CanSIA is pleased that the OEB has taken a leadership role in developing the **Regulated Price Plan Roadmap** as it is intended to provide consumers with more choice and control, in part through advancing a number of residential pilot programs to test innovative pricing options. CanSIA supports more customer choice in power pricing options and sending appropriate price signals to consumers to modify behaviour and reduce costs for all consumers. Consumers may wish to invest in solar energy to offset consumption through net metering, or additionally consider solar plus storage to reduce consumption and avoid critical peak prices.

The OEB must recognize that a consumer response to price signals will only result in capital investment where the OEB offers regulatory certainty in support of these market investment decisions by home owners and businesses. Stability of regulatory treatment of investment capital is a prerequisite to encouraging consumers to take control of their electricity consumption and reduce the need for centralized procurement of generation assets, through the market or otherwise. Regulatory stability is the cornerstone to enabling and encouraging investment in innovation.

The OEB will review the **Class B Global Adjustment (GA) customer charge methodology** and recommend alternatives before the end of 2018. CanSIA believes that the approach to Global Adjustment allocation for Class B customers should better reflect the time of use for that energy consumption but maintain the volumetric allocation to maintain a strong signal to consumers reduce consumption. A Class B GA TOU rate for non-RPP customers seems a logical next step in appropriately applying value to the time of use of energy based on supply and demand as seen in our daytime and nighttime usage patterns.

There is a shift in the compensation model for DERs in some US states that are starting to move away from net metering as the basic compensation mechanism. The OEB should be mindful that the new approaches in the US are coming from markets that have seen significant deployment of net metered generation to the extent that it is starting to impact non-participating consumers in a material manner. CanSIA recognizes that in the long term, the IESO market reform program and regulatory precedent from the US may move Ontario in a similar direction, however the industry is currently adapting to the changes from the microFIT and FIT markets, to the current net metering market and that adaptation will take some time for companies to position themselves.

Finally, the OEB is expected to advance its consultation on commercial and industrial (C&I) distribution revenue rate design this year, and CanSIA will be fully engaged. Certainty of cost allocation methodology for customers instills confidence in the potential benefits of deploying solar or other DERs solutions on site. Greater certainty supports investment and customer choice, while helping to better manage risk.

C&I rate design decisions will allow consumers to make decisions to manage their bills accordingly. C and I rate design should dovetail with innovation. Clarity is needed in order to allow for decision making which can then lead to innovation.

In conclusion, CanSIA appreciates the opportunity to provide input to the OEB Modernization Panel and looks forward to working with the Panel, and the OEB in the coming months and years to advance regulatory policy in the customer's best interests.